

Message Text

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PAGE 01 STATE 028565

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ORIGIN EB-11

INFO OCT-01 ARA-16 ISO-00 FEA-02 SCI-06 IO-14 SPC-03

SAM-01 AID-20 NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20

STR-08 OMB-01 CEA-02 CIAE-00 COME-00 FRB-02 INR-10

NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 TAR-02 DODE-00

PM-07 H-03 L-03 PA-04 PRS-01 USIA-15 INT-08 /199 R

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ARA/EP-MFRECHETTE

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R 122102Z FEB 74

FM SECSTATE WASHDC

TO AMEMBASSY LIMA

LIMITED OFFICIAL USE STATE 028565

E.O. 11652: N/A

TAGS: ENRG

SUBJECT: EXPORT CONTROLS ON PETROLEUM PRODUCTS

REF: A. LIMA 9278; B. LIMA 651; C. LIMA 789

1. LICENSING QUOTAS ESTABLISHED FOR EXPORTS OF PETROLEUM PRODUCTS TO PERU DURING FIRST QUARTER 1974 UNDER US EXPORT CONTROL PROGRAM AS FOLLOWS: DISTILLATE FUEL OILS-13,577 BBL.; RESIDUAL FUEL OILS-30,821 BBL.; KEROSENE-71 BBL.; BUTANE, PROPANE AND NATURAL GAS LIQUIDS-91 BBL. QUARTERLY QUOTAS ESTABLISHED FOR EACH GROUP OF PRODUCTS ON THE BASIS OF THE QUARTERLY AVERAGE OF EXPORTS (AS SHOWN BY US EXPORT STATISTICS) FOR THE TEN QUARTERS FROM JANUARY 1, 1971 TO JUNE 30, 1973, LESS 5 PERCENT SET ASIDE FOR HARDSHIP CASES. (US EXPORTS OF RESIDUAL FUEL OILS TO PERU DURING THIS PERIOD WERE: 1971 - 161,400 BBL.; 1972 - 0; 1973 - 162,900 BBL.)

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PAGE 02 STATE 028565

2. NO QUOTAS WERE ESTABLISHED FOR PERU IN FOLLOWING PRODUCTS BECAUSE OF ABSENCE OF EXPORTS FROM US DURING BASE PERIOD: AVIATION GAS (NAPHTHA AND AVGAS OVER 100 OCTANE); GASOLINE AND GASOLINE BLENDING AGENTS; JET FUEL; AND CARBON BLACK FEEDSTOCK OIL.

3. QUOTAS REQUESTED BY PETROPERU (LIMA 9278) WOULD RESULT IN EXPORTS FROM US FAR ABOVE HISTORIC LEVELS (AVGAS 130,000 BBL. AND RESID 465,000 BBL. IN FIRST QUARTER 1974), WHICH CLEARLY NOT JUSTIFIED IN FRAMEWORK OF PROGRAM ESTABLISHED BY USG.

4. WE ARE FULLY AWARE OF NET BENEFIT TO US FROM EXCHANGE OF LOW SULFUR RESID FROM PERU FOR HIGH SULFUR RESID FROM US. WE NOTE, HOWEVER, THAT AT LEAST SOME HIGH SULFUR RESID SUPPLIED TO PERU IN PAST HAS COME FROM CARIBBEAN. PETROPERU MAY WISH TO ASK OIL COMPANIES OPERATING IN COUNTRY TO CONTINUE TO MEET PERU'S NEEDS FOR THIS OIL FROM SAME SOURCES.

5. RECENT ESTABLISHMENT OF HARDSHIP COMMITTEE IN COMMERCE ALSO PROVIDES OPPORTUNITY FOR US EXPORTERS OF AVGAS AND RESID TO PERU TO PETITION FOR HARDSHIP ALLOWANCES THESE PRODUCTS TO PERMIT THEM TO SATISFY CONTRACT REQUIREMENTS. KISSINGER

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